

# Customer Database

A strong foundation  
to build a successful  
organization



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### Introduction

In the past seven years, many organizations across the globe saw a sudden escalation in the usage of computerized customer details. A tremendous growth of the same was observed in the last two years; making the customer databases the source and the center of the marketing procedures. This has led to an additional progress in technology solutions, supporting business-to-business relationships and direct marketing channels.

#### Here are some of the reasons identified for the sudden rise of the practice of using customer database for marketing:

- Increased application of technology to enhance customer relationships
- Development of loyalty plans
- Lifetime value calculations to identify key customers
- Plans to cut out intermediaries and to grow direct and interactive marketing
- Projects to boost customer-centric approach to upsurge sales
- Programs to reinforce focus on customer retention
- Demands to cut down high marketing costs
- Designs to support a huge requirement for a high-level personal service

Today, customer database plays an important role in marketing strategies and business sales in almost all the major organizations. To handle customer relationships and to boost both sales and customer satisfaction, organizations use databases all the more. It is much easier to examine and identify the most gainful customers and their characteristics through a database. One can plan the marketing promotions and sales efforts more specifically by using a database.

Depending on the usage, the definition of a customer database changes from one organization to another. Customer database in this document refers to a mailing list that contains information of customers, prospects, and subscribers. A good database consists of specified information about each account that includes the contact name, phone number; fax number, email address, SIC code, and clear postal address. This document contains information about building, managing and utilizing a customer database and gives a clear insight on its contribution towards achieving success.

### **How to build a Customer Database?**

Information enclosed in a customer database is usually obtained from receipts, purchases, mail-order requests, information inquiries, subscriptions, feedback forms, and other sources representing customer preferences or predisposition to purchasing a product.

#### **Accumulate Data In-house**

It is important to realize that an organization already possesses a huge deposit of existing customer information before setting out to gather more. The ready information can be retrieved through the existing list of customers; their invoices and letters. By setting up a team to accumulate this data, an in-house database can be formed.

## **Sources for Customer Data Collection**

#### **Deploy External Suppliers**

Amassing data in-house could take a huge amount of time and be laborious. Alternatively, there are database suppliers in the market who can provide contact details based on your business requirements and target audience profile. Database service providers also append missing information such as emails to existing in-house customer records.

## **Benefits of outsourcing customer data sourcing and appending**

#### **How to Manage Customer Databases**

The assembling, processing, and use of data relating to the operations of a company are imperative to its success. However, proper management of the database is crucial too; if it is to be kept state-of-the-art and accurate.

## Regularly Clean Databases

To keep the customer database accurate and to maintain the quality, it is also good to have the database cleaned often. As data could be a double-edged sword, it needs to be double-checked and updated regularly to avoid some mistakes or unfavorable effects on the business. Inaccurate database could mislead the customers or even evoke legal objections.

If the database is huge and the infrastructure and in-house resources are limited, it is good to outsource the information management to a reliable and affordable service provider.

## Structure the Database Appropriately

Alignment of the data is as vital as the building part of it. Segmentation of the details in suitable groups will result in easy function. For example:

- A database on companies can be divided according to their business or industry, public or private sector, revenue, location, strength, buying behavior such as number and frequency of orders, and contacts within the company.
- A consumer database can be divided according to the consumer's age, gender, profession, income, product bought, and other details.

## Additional Tips for Customer Data Management

In general, more the sophisticated use of database, higher is the quality of data. Here are some more data management tips:

- Set relevant accuracy definitions based on business requirements.
- Create entry for each of these benchmarks.
- Test the current data against the benchmarks on a regular basis.
- Evaluate the data quality levels by getting external audits performed.
- Produce customer details management plan that consists of cyclic maintenance schemes.
- Verify that the database meets all the terms and conditions of the Data Protection Act.

## How Customer Data Management Benefits your Organization

The customer database is now regarded as one of the major keystones in the history of information technology. The efficiency of modern businesses greatly depends on databases as it can systematize, process, and administer information in a planned and controlled manner.

Imposing some simple parameters ensures that data retains its integrity and accuracy. Implementing such methods has many advantages-

### ➤ **Improved Efficiency**

With the correct data in hand, the efficiency of the marketing operations improves drastically.

➤ **Legal Approval**

Since the database is prepared according to the compliance and the Data Protection Act, there would not be any legal interference.

➤ **Customer Loyalty**

Since customers are reached without fail during each campaign, it is easy to win their trust. Regular and prompt communication is possible using a database to build healthy relationships.

➤ **Perked up campaign effectiveness**

With a precise customer database, the proposed message always reaches the targeted recipient, enhancing the sales.

## **9 ways in which Customer Data builds your Organization**

For most of the businesses, it is important to know their customers, suppliers, and also their competitors. Therefore, the assembling, storing, and dealing out the information in the form of databases can turn into valuable source and can promote diverse advantages.

- Maintaining a well-run customer or prospective customer folder can result in reduced costs, superior response rates, precise targeting, and more accurate communications by all modes of communications.
- The knowledge stored can help in solving specific operational problems or to shape future strategies. For example, chronological data can show business tendencies, or sales records can identify valuable customers,
- The capability to communicate with the customers improves by recognizing similar groups of customers to target.
- The effectiveness of a marketing strategy can be measured easily.
- A database can assist in distinguishing new market trends and other relevant information.
- It increases customer churn following campaigns based on high-quality records.
- Proper data segmentation, profile and modeling ensuing elevate customer acquisition and retention rates.
- It boosts aptitude to meet campaign schedules.

It elevates cross-sell and up-sell rates resulting in improved levels of customer service.

## **Conclusion**

Customer Database has become a source of knowledge for developing long-term marketing strategies for organizations. It is a major revenue generator. Several companies have explored potentials from databases, and have noticed a striking increase in their revenue charts. It is vital to realize that customer database is a key strategic tool, facilitating the growth of any organization.

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